



June 11, 2007

Mr. Winston Hickox
Chair, Cal EPA Market Advisory Committee

Dr. Lawrence H. Goulder
Vice Chair, Cal EPA Market Advisory Committee

RE: Cal EPA Market Advisory Committee Draft Report

****via email**** climatechange@calepa.ca.gov

Dear Mr. Hickox, Professor Goulder, and Committee members,

On behalf of the members of New Voice of Business, I am writing to offer our views on the Cal EPA Market Advisory Committee's draft report for public review (hereafter, "the draft report"). Although Assembly Bill (AB) 32 clearly designates, as the draft report notes, the California Air Resources Board (CARB) as the ultimate decision maker on this topic, we appreciate your efforts to share your expert opinion and understand that it will be an input for consideration during CARB's policymaking process.

Without pre-judging whether our organization will ultimately support any particular cap and trade program design, we offer these suggestions on the draft report. Continuing and expanding the state's other policies to reduce global warming pollution – performance standards, such as the renewable portfolio standard and clean car standards, incentive programs, such as the energy efficiency programs, and other regulatory and educational instruments – is crucial for both the development of an optimal global warming solution strategy and as part of the effort to meet AB 32's requirement that the program complement efforts to reduce air and toxic pollutants. Thus, we are in agreement with the report when it states: "There is a strong economic and public policy basis for other policies that can accompany an emissions trading system" (page 19).

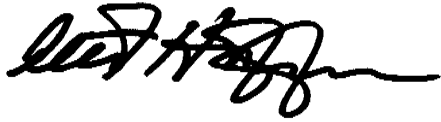
With that said, we leave aside the question of precisely the right division of effort between cap-and-trade and other policies and turn to providing our views on the recommendations contained in the Market Advisory Committee's draft report.

New Voice of Business:

1. Urges the Market Advisory Committee (MAC) to recommend that setting a tight cap that declines over time be a top priority in designing the program.
2. Supports the MAC draft report's rejection of price caps on allowances. This is an important step toward designing a system with environmental integrity.
3. Supports the draft report's arguments in favor of auctioning and attention to the principle of promoting the public interest in the allowance distribution process.
4. Urges the MAC to revise its recommendations, to limit the role of offsets as a compliance option.
5. Urges the MAC to provide more specific recommendations to address air quality and other environmental justice concerns.
6. Urges the MAC to provide clear recommendations on how to ensure strong enforcement of reporting and the cap. The MAC's recommendation that emissions and trading data be made public is a good start in this regard.

Thank you for considering our views as you finalize your report to CARB.

Sincerely,

A handwritten signature in black ink, appearing to read 'Elliot Hoffman', with a stylized, cursive script.

Elliot Hoffman
Co-Founder and CEO

CC: Linda Adams, Secretary for Environmental Protection
Dan Skopec, Undersecretary, Cal EPA
Eileen Tutt, Deputy Secretary, Cal EPA
Dr. Robert Sawyer, Chairman, ARB
Catherine Witherspoon, Executive Officer, ARB
Chuck Shulock, Climate Change Program Manager, ARB